

**NATIONAL DAIRY MARKET AT A GLANCE**

**CHICAGO MERCANTILE EXCHANGE CASH MARKETS:** Grade AA butter is unchanged at \$1.9850. Barrel cheese decreased 3 3/4 cents to \$1.5075 and 40# blocks are unchanged at \$1.6075.

**BUTTER:** Butter markets across the country remain firm as stocks, in most instances, are less than desired for this time of the summer. Although butter stocks are limited, all-in-all, supplies are in balance for current needs. Buying interest is mixed with the largest share of orders being placed for short term or immediate needs. Overall orders remain quite good despite higher prices. Cream supplies for churning are available, although butter producers are finding that selling additional volumes, above current needs, is more cost efficient than churning and building inventories. Most producers and handlers are cautious about building too much inventory at this time.

**CHEESE:** The cash cheese market is unsettled to weak. Generally slower process orders and increased competition from imports are slowing barrel usage somewhat. Current cheese offerings are at least adequate for needs. Cheese production is steady to lower, reflecting seasonal declines in milk supplies.

**FLUID MILK:** Temperatures well into the 100's are prevalent across much of the country. It is noted that parts of Texas have experienced 100+ temperatures for more than fourteen days in a row. Milk output is being adversely affected. However, in the Southwest and Mountain States, the effects of the heat on the milk flow have, to date, been minimal. Milk shipments to handlers in the Southeast are increasing along seasonal patterns. Over the past two weeks, some buyers did reach into the Upper Midwest for milk. Manufacturing plants are often operating on lighter schedules because of the declines in milk production and increased interregional demand for Class I milk. Cream demand remains good and offerings are tight to adequate. Fluid cream continues to be shipped great distances and trucking availability is often a problem.

**DRY PRODUCTS:** The dry, dairy product trends of the past few weeks continue. However, the WPC market is firming rather rapidly while the dry whey market seems to be losing a little of its momentum. Dry whey stocks are not as tight as they have been and demand is just fair. Whey protein concentrate stocks are tight and demand is good. Nonfat dry milk output is lighter in most areas of the country. Producers' stocks are often lighter

as production slows seasonally. Demand for NDM is still slow. New program DEIP sales are helping. Some large-volume bids were accepted this week, but delivery periods run into early 1999.

**CCC:** During the week of July 13 - 17, net purchases totaled 7,690,999 pounds of NDM under price support.

**MILK PRODUCTION (NASS):** Milk production in the 20 major states during June totaled 11.5 billion pounds, up 1.1% from production in these same states in June 1997. May revised production, at 12.1 billion pounds, was up 1.7% from May 1997. Production per cow averaged 1,489 pounds for June, 18 pounds (1.2%) above June 1997. The number of cows on farms was 7.75 million head, 12,000 head (0.2%) below June 1997 but 3,000 above May 1998.

**MAILBOX PRICES (USDA, DAIRY PROGRAMS):** April 1998, mailbox milk prices reported for selected Federal milk orders averaged \$13.63 per cwt., \$.50 less than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$13.74, down \$.32; Southeast, \$15.25, down \$.18; Midwest, \$13.51, down \$.68 and West, \$12.98, down \$.42. Compared to April 1997, mailbox milk prices, on average, increased \$.77 per cwt.

**SUPPLY AND USE PROJECTIONS FOR MILK (USDA, WOAB):** Strong markets for milkfat are supporting higher-than-anticipated milk prices, boosting the all-milk forecast for 1997/98. With these strong markets, the 1997/98 commercial use estimate (milkfat basis) is increased. Milk production forecasts for 1997/98 and 1998/99 are increased. As higher milk prices give producers slightly better returns, culling of cows will be reduced.

**MAY FLUID MILK SALES HIGHLIGHTS (USDA, AMS):** During May, sales of fluid milk products in comparable Federal milk order marketing areas and California were 0.9% below the previous year but 2.3% above April 1998 on an adjusted daily average basis. Sales of whole milk items were 0.8% below the previous year; sales of fat-reduced milk items were 1.1% below the previous year. May's total fluid milk sales, compared to a year earlier, were higher in the Southwest and Far West; lower in all other regions. Year to date total fluid milk sales are lower in all regions with all areas combined down 1.0%.

\*\*\*\*SPECIALS THIS ISSUE\*\*\*\*

ANNOUNCEMENT OF NEW FAX POLLING SYSTEM (COLORED SHEET)

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**CHICAGO MERCANTILE EXCHANGE  
CASH TRADING**

LST = Last Significant Transaction

**BUTTER ON FRIDAY, JULY 17, 1998**

(CARLOT UNIT = 40,000-42,000 LBS.)

GRADES	:	CLOSE	:	CHANGE
AA	:	\$1.9850	:	N.C.

SALES: 5 CARS:  
1 @ \$1.9850, 1 @ \$1.9800, 1 @ \$1.9750,  
1 @ \$1.9825, 1 @ \$1.9850 (LST)

BIDS UNFILLED: 1 CAR @ \$1.9850

OFFERS UNCOVERED: NONE

**CHEESE ON THURSDAY, JULY 16, 1998**

(CARLOAD UNIT = 40,000-44,000 LBS.)

STYLES	:	CLOSE	:	CHANGE
BARRELS	:	\$1.5075	:	-.0375
40# BLOCKS	:	\$1.6075	:	N.C.

SALES: 8 CARS BARRELS: 1 @ \$1.5300,  
1 @ \$1.5375, 1 @ \$1.5225, 1 @ \$1.5300,  
2 @ \$1.5150, 1 @ \$1.5100, 1 @ \$1.5075 (LST)

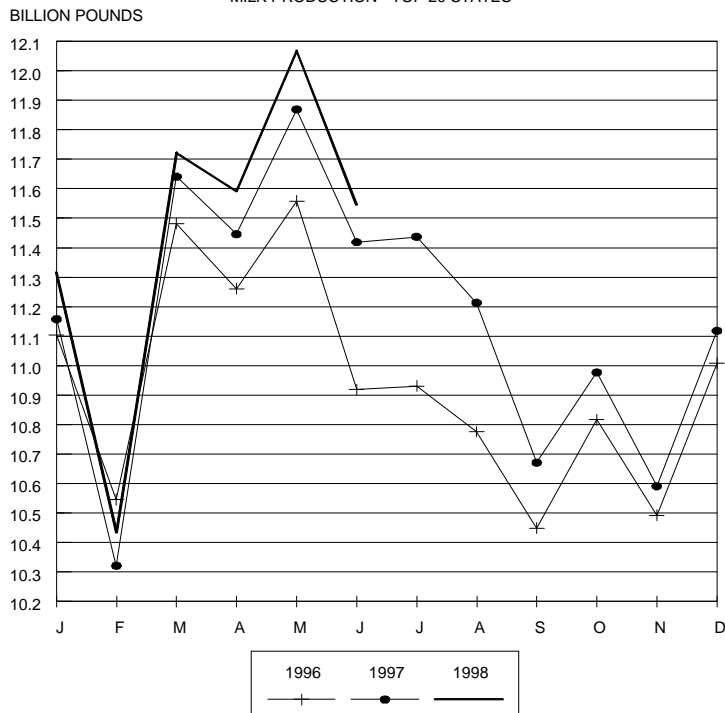
8 CARS 40# BLOCKS @ \$1.6075 (LST)

BIDS UNFILLED: 5 CARS 40# BLOCKS @ \$1.6075

OFFERS UNCOVERED: 21 CARS BARRELS: 5 @ \$1.5150,  
6 @ \$1.5250, 5 @ \$1.5300, 5 @ \$1.5400

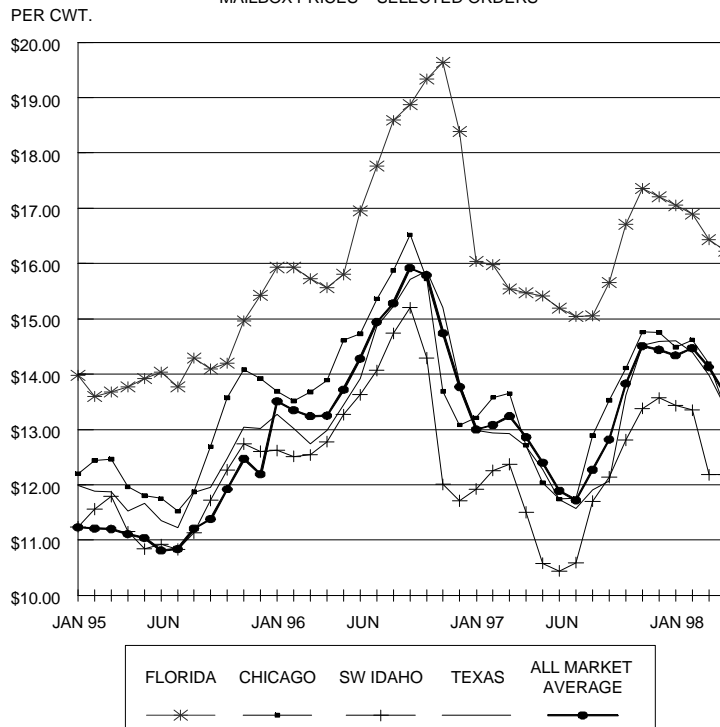
3 CARS 40# BLOCKS:  
2 @ \$1.6475, 1 @ \$1.6575

MILK PRODUCTION - TOP 20 STATES



NASS DATA, GRAPH BY DAIRY MARKET NEWS

MAILBOX PRICES - SELECTED ORDERS



## BUTTERMARKETS

## NORTHEAST

Premiums and the cash close at the CME are unchanged. The market tone remains firm. However, contacts report that bulk offerings on the West Coast are more often available at prices several cents below the CME, f.o.b. This is a departure from recent weeks when Western makers offered butter at or above the CME close, f.o.b. Locally, butter output is light to moderate. Butter stocks are reported as light. There continues to be reports of foreign-made butter either in port or "on the water" destined for the U.S. Most producers are clearing their cream to ice cream makes or other Class II outlets and have little left for churning. Print orders are slow to fair and mostly filled from existing inventories or micro fixing bulk. Retail sales are fair, but sweet corn is showing up in the stores and roadside stands in Northeast and improved butter sales often coincide with the sweet corn season. Food service orders are steady.

## CENTRAL

Butter markets are somewhat mixed, although the overall tone remains steady to firm. Butter handlers that reviewed exchange trading stated that the lower sales were no indication that the market is weak. In most instances, butter stocks are in close balance to short of desired levels. Midwestern buyers continue to reach to Western areas to supplement local production. Also, some Midwestern buyers continue to take advantage of imported stocks that have already or will soon be arriving from other countries. Churning schedules, although lighter than desired, are only for immediate or very short term needs. In most instances, producers do not want to accumulate inventories at this time. Lighter orders are now being attributed to consumer price resistance at the retail level. Some retail butter prices have reflected all of price increases of the past month while others are cushioning the full increase.

## WEST

Bulk butter pricing remains steady in the Western region. Buying interest improved again this week as buyers reentered the market for their normal operating needs as inventories had declined below working needs. Both buyers and sellers are watching inventories very closely to keep them very current. When prices are at record highs, most contacts believe that the only likely price move is lower. Excellent cream sales are limiting churning at many Western locations. Most operations would sooner sell cream instead of churning at this point in time. Trucks to haul cream are a problem. Sales are being lost because of not being able to find transportation. Most contacts categorize the butter market as steady at this time.

## WHOLESALE SELLING DIFFERENTIALS, F.O.B. PRODUCING PLANTS, TRUCKLOAD QUANTITIES.

FIGURES REPRESENT THE RANGE IN PREMIUMS OR DISCOUNTS (CENTS/POUND) FROM THE CME GRADE AA CASH BUTTER CLOSE  
JULY 10, 1998 CLOSE = \$1.9850

STYLE	NORTHEAST	CENTRAL	WEST
BULK	+4 TO +5	+1 TO +4	-4 1/2 TO FLAT

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
07/13/98	11,230	109,915
07/01/98	10,735	107,011
CHANGE	+ 495	+2,904
% CHANGE	+ 5	+ 3

## NASS CHEDDAR CHEESE PRICE SURVEY

WEEK ENDING	40# BLOCKS			640# BLOCKS		BARRELS (adjusted to 39% moisture)		
	MN/WI	WEST	U.S.	U.S.		OTH STATES	U.S.	
JULY 10	1,5892	1,5420	1,5532	1,5268	1,5458	1,5080	1,5236	
	1,058,349	4,015,316	5,311,101	599,699	3,871,657	5,451,795	9,323,452	

Further data and revisions may be found on the Internet at: <http://usda.mannlib.cornell.edu/reports/nassr/price/cheddar/>

## CHEESE MARKETS

## NORTHEAST

Prices are unchanged and the market tone is generally steady. Cheese production in the Northeast, following the milk flow, is easing lower. Producers' stocks are closely balanced with needs. Looking at the July 10 trading at the CME, sales of barrels were very active as processing schedules are generally heavy. However, at current CME prices, reports indicate that it is now feasible to import cheddar or American types for use in processing. Retail movement is mostly slow to fair and often just replacement volumes. Food service orders are about steady.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.5200-2.0900
Cheddar Single Daisies	:	1.4900-2.0950
Cheddar 40# Block	:	1.7450-1.8950
Process 5# Loaf	:	1.6875-1.8825
Process 5# Sliced	:	1.6975-1.9400
Muenster	:	1.7775-2.1025
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

## MIDWEST

The cheese market is steady, though with a cautious undertone. At the Chicago Mercantile Exchange on July 9, barrels were steady at \$1.5450 and blocks were unchanged at \$1.6075. A substantial increase in the monthly government invitations to purchase cheese, a total of 17.5 million pounds for September delivery, could add support to the market. For many bulk cheese users, orders have slowed. Many buyers are keeping inventories from accumulating at current prices and limiting orders to replacement needs. A few extra loads of cheddar are becoming available from time to time with interest mixed at best. Process demand is steady to slower, depending on type of market. Barrels are mostly adequate though a few pockets of tightness remain. Natural demand ranges from slow to fairly good with mozzarella often one of the slower varieties. Cheese production is trending lower as the return of heat and humidity help to reduce milk receipts and competition from other milk users increases. Cheese yields are generally at low summer levels.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4975-1.9000
Brick And/Or Muenster 5#	:	1.8800-2.0900
Cheddar 40# Block	:	1.8725-1.9150
Monterey Jack 10#	:	1.9150-2.0725
Blue 5#	:	2.2150-2.4200
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9150-1.9600
Grade A Swiss Cuts 6 - 9#	:	2.2000-2.4850

## MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),  
carlot/trucklot, F.O.B. plants.

CHEDDAR STYLES	:	JULY 13 - 17, 1998
BARRELS*	:	\$1.5450 - 1.5650
	:	(.0200)
40# BLOCKS	:	\$1.6075 - 1.6375
	:	

( ) Change from previous week. \* If steel, barrel returned.

## WEST

No price changes are noted for Western cheese. Sales activity, overall, is rated from good to excellent. Swiss stocks are in much better balance than they were earlier in the year. The current situation is due to a combination of more controlled production and improving demand. Mozzarella sales are excellent. There really hasn't been any slow down in demand over the summer which is a normal situation. Contacts are looking at their calendars and seeing that school will be starting soon which is a time when pizza sales usually increase. They believe the market will remain strong. Blocks and natural cheese are moving very well. Buyers are not able to get the quality that they need in a timely fashion. Now they see production declining seasonally as hot temperatures cover much of the Western region. Western contacts watched trading at the CME on July 9 on barrels with interest. Barrel demand is not quite as strong as blocks, but they are still moving very well.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.7300-1.9575
Cheddar 40# Block	:	1.7800-1.8700
Cheddar 10# Cuts	:	1.9700-2.1300
Monterey Jack 10#	:	1.9800-2.0925
Grade A Swiss Cuts 6 - 9#	:	2.3400-2.4000

## FOREIGN TYPE

Prices are mostly unchanged and the market tone is seasonally slow. Contacts report that since U.S. cheese prices are so high, there is some new interest for American type cheese from U.S. processors. Distributors' inventories are adequate to meet the current slow to fair demand.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.9425-2.5525
Gorgonzola	: 3.2400-5.9400	: 2.4900-2.6375
Parmesan (Italy)	: TFEWR	: 3.3525-3.3925
Romano (Italy)	: 2.0900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.6150-2.1425
Romano (Cows Milk)	: -0-	: 3.1200-3.4625
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.2500-2.5050
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

\* = Price change.

## FLUID MILK AND CREAM

## E A S T

Northeastern Milk Market Administrators announce June 1998 uniform (blend) prices: Federal Order (F.O.) 1 is \$13.68; F.O. 2, \$13.41; F.O. 4, \$14.12; F.O. 36, \$13.45; and Western NY Milk Market Area, \$13.44. Hot weather continues to plague much of the Southeast. Scattered rain showers have brought some relief to Florida, but drought conditions are prevalent in Texas and other Gulf Coast states. It is getting quite warm and dry in parts of the Northeast, but the milk output is holding up quite well. In fact, cooler nights in New England have helped milk production rebound slightly. This week, Florida handlers imported 51 loads of milk from the Middle Atlantic area. This compares to 15 loads during the same week last year. Contacts feel that Florida handlers will have to reach further north, and maybe west, to find milk to meet this year's anticipated needs. Past year's suppliers either have less milk to supply or have changed ownership and are moving their milk elsewhere. Bottled milk sales are slow to fair. Manufacturing plant schedules are lighter as more milk is moving to fill Class I needs in the Southeast. Balancing plants have little milk to process and larger, year-round operations have less surplus milk to process. The condensed skim market remains very active. Prices are slightly lower and many buyers are trying to push prices lower. However, some suppliers are resisting such a move. Based on milk prices, prices for June, and probably July, Class III condensed skim prices are often higher than Class II. In many instances, the good demand for wet solids is reducing the need to make NDM. The fluid cream market is still quite firm. Cream is still coming across the country to supplement local volumes. Trucking is becoming more difficult to find. Because of the growing competition for the trucking from condensed skim and milk shippers plus the difficulty in finding back hauls, freight rates are often higher. Some contacts report that many cream cheese producers are reducing production. Plants that were running 5-6 days a week have dropped back to four days per week. Speculation is that they are taking their contracted volumes of cream and not buying on the spot market. This week, spot cream prices are generally unchanged to slightly higher, but suppliers report that they did have some extra loads to move at midweek. Other suppliers, however, continue to report tight offerings. Ice cream output is about steady, but the high cost of a pound of fat is influencing production decisions. The very hot weather is giving a boost to frozen novelties, soft serve, and frozen yogurt mix sales. Churning activity is generally light.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

## SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	2.6202 - 2.8396
Delivered Equivalent Atlanta	-	2.6202 - 2.8187 M 2.6996 - 2.7393
F.O.B. Producing Plants: Upper Midwest	-	2.5805 - 2.7393

## PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	.6500 - .9450
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## M I D W E S T

## WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
JULY 10 - 16, 1998	15
PREVIOUS WEEK (REVISED)	5
COMPARABLE WEEK IN 1997	0

DESTINATIONS: KENTUCKY 15

Milk is being shipped from Wisconsin, Minnesota and Michigan to supplement supplies in other states. Destinations occasionally do change from the intended/reported state in route so adjustments may occur. The Wisconsin milk shipments made the previous week were also to Kentucky. Another 7 loads of Wisconsin milk were sent to Kentucky for Class II use. There were

no loads reported shipped and pooled under a Southern Federal Milk Order this week. A few discussions have occurred about shipping either larger volumes and/or for longer distance, but talks are mainly just preliminary at this time. Manufacturing milk offerings are lighter and prices ranged from \$1.00 to \$1.75 over class/MCP. Hotter and more humid weather returned to the upper Midwest, though some locations received only a day or two of the extra heat. Some milk receivers that had not seen declines previously were noticing lower receipts while others noticed little change. Ice cream production remains seasonally active with some producers still supplementing local area offerings with Western cream. The initial June estimated milk production in selected Midwestern states compared with June 1997 is: Wisconsin 1.997 billion pounds, up 34 million pounds (1.7%); Minnesota 807 million pounds, down 3 million pounds (0.4%); Michigan 455 million pounds, off 7 million pounds (1.5%), and Iowa 328 million pounds, down 8 million pounds (2.4%). A large share of the corn has tasseled. Good progress was made in making hay/haylage.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JULY 9 - 15	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.00- 38.50	\$ 38.00- 43.00
REPLACEMENT HEIFER CALVES	\$130.00-165.00	\$ 75.00-120.00

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JULY 9 - 15	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.00- 38.00	\$ 38.00- 44.50

## W E S T

June milk production in the 20 major milk producing states totaled 11.5 billion pounds, up 1.1% from production in these same states in June 1997. Production per cow averaged 1,489 pounds for the month, 18 pounds (1.2%) above a year ago. The number of cows on farms in the major states was 7.75 million head, 12,000 head (0.15%) less than June 1997, but 3,000 head more than May 1998. Major Western states and their production percentage changes from last June are: Washington -1.5%, California +1.4%, Arizona +7.6%, Idaho +9.8% and New Mexico +10.9%. Temperatures throughout the Southwest are starting to heat up. Hot temperatures in the triple digits were being reported and were forecast to continue into the weekend. As of yet, the heat was having no noticeable impact on milk production, but milk handlers are anticipating that receipts will drop if temperatures remain at these levels for any length of time. Up to this point, milk production has been quite strong and declining gradually from peak levels. Cream sales remain active for both Class II and III users within and outside of the Western region. Ice cream production and sales remain very active, especially as temperatures become warmer. Sales of cream out of the region are being hampered by limited truck availability. Cream pricing multiples remain steady from the mid 110's to mid 120's. Temperatures are again cooler in the Pacific Northwest with the next hot spell expected this weekend. Production remains seasonally strong with most contacts feeling that the seasonal peak has been reached. Output will not decline very rapidly until temperatures warm further or conditions do not cool off at night. Additional higher quality hay is becoming available, but prices are firming for dairy type hay. Heifer prices are strengthening as more buyers from California enter the market. The summer heat wave is much more noticeable over Utah and Idaho. Temperatures approaching 100 degrees are more common. Milk production has been little impacted yet, but if these conditions continue, it is only a matter of time. Some better quality hay is finally being harvested. Hay buyers from California are in the market this week and hay is beginning to move south.

**CENTRAL AND WEST DRY MILK PRODUCTS**

All reports, except California manufacturing plants, were released 07/16/98 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL**

Prices are steady and the market tone remains weak. Movement is mainly limited to contracts with a few extra spot load sales. Multi-load orders are negotiable with many sellers. Sources commented that high heat availability is tighter this week. Production is tapering off at many plants as hot weather takes its toll on milk production. Offerings to the CCC from Central producers totaled 648,822 pounds for the week of July 6 - 9.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0150 - 1.0450 MOSTLY: 1.0250 - 1.0350

**DRY BUTTERMILK - CENTRAL**

Prices and the market tone are steady. Trading activity continues to be light. Few inquiries were reported beyond contract needs. Offerings are available from most producers and resellers. Sellers believe demand will soon increase as buyers look for available fat sources. Production levels are at seasonal low levels and stocks are moderate.

BUTTERMILK: .9300 - .9600

**DRY WHEY - CENTRAL**

Prices are fractionally higher and the market tone is stabilizing. Demand is fair, at best. Sellers are being faced with continued price resistance from buyers. Many end users are satisfied with current inventory positions and are waiting for the market to take a direction. Offerings are becoming more generous from producers, but they continue to seek premiums. Loads are also available from many resellers at comparable prices. Production levels are noticeably lower as milk production is dropping at a rapid pace.

NONHYGROSCOPIC: .2700 - .2900 MOSTLY: .2750 - .2800

**ANIMAL FEED WHEY - CENTRAL**

Prices are higher on the top end of the range for milk replacer, roller ground, and standard, but unchanged for delactose. All prices remain nominal. The market tone is steady and demand is improving. Feed customers are now more willing to resume buying patterns as prices show only slight increases. Many feed users cleared inventories and are buying for restocking purposes. Roller ground producers are sold out beyond contracted needs. The delactose market is steady. Supplies are adequate for a mixed demand.

MILK REPLACER: .2400 - .2650  
STANDARD: .2200 - .2450  
ROLLER GROUND: .2700 - .2775  
DELACTOSE (Min. 20% protein): .3275 - .3675

**LACTOSE - CENTRAL AND WEST**

Prices are steady and the market tone remains weak. Spot interest is slow to nonexistent. Contracted accounts are absorbing the majority of sales. Offerings are readily available from most producers and resellers, but many are having trouble finding a willing buyer. Large volumes of downgraded powder are surfacing as producers try to clear aging inventories. Production levels are declining with milk supplies as hot weather spreads across the area. Financial problems continue in Asia and Japan and the outlook is not improving for the near future.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1700 - .2400 MOSTLY: .1800 - .1900

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are higher as the market undertone firms. Premiums are widespread throughout the marketplace from most producers and resellers. Product availability is tightening. Some sources believe that the market is on its way up, therefore, end users are buying as much as they can to build stocks. The majority of downgraded offerings have found homes and are not as abundant. Production levels are declining due to lower milk production levels.

EXTRA GRADE 34% PROTEIN: .5400 - .5825 MOSTLY: .5650 - .5700

**NONFAT DRY MILK - WEST**

Western nonfat dry milk markets are steady to firmer with prices unchanged to higher. Recent improvement in DEIP opportunities has caused some producers to reconsider what to do with increasing stocks. Powder continues to move to CCC, but on the other hand, some previous offerings are being canceled in response to export sales opportunities at higher prices. Although prices are higher and basically for DEIP clearances, lower priced offerings continue to be readily available within the Western market. These lower priced offerings are expected to remain in the market until surplus stocks have cleared and milk production declines seasonally.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0000 - 1.0450 MOSTLY: 1.0250 - 1.0350  
HIGH HEAT: 1.0450 - 1.0550

**DRY BUTTERMILK - WEST**

Buttermilk powder prices are generally unchanged, although the market undertone is steady to firm. Stocks of buttermilk powder are reported to be tightening. Good demand for condensed buttermilk, lighter butter production, hot temperatures, and strong ice cream demand are some of the factors producers and handlers are attributing to current conditions. Demand for powder remains steady with past weeks. In instances, delays in deliveries are occurring.

BUTTERMILK: .9100 - .9400 MOSTLY: .9100 - .9300

**DRY WHEY - WEST**

Both range and mostly prices are showing some strength. Export sales are fair with domestic interest improving. Additional powder is moving to the Midwest because of the price differential between the two regions. More powder is also being negotiated for the Mexican export market from the region. This powder is replacing the powder that is no longer being made in Texas. Production is edging lower as temperatures climb to summer seasonal highs. Stocks are very closely balanced.

NONHYGROSCOPIC: .2250 - .2600 MOSTLY: .2300 - .2400

**CALIFORNIA MANUFACTURING PLANTS**

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended July 10, on powder sales of 10,504,780 pounds f.o.b. California manufacturing plants was \$1.0345 per pound. This compares to 12,814,211 pounds at \$1.0347 for the previous week ending July 3, 1998. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

**NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS**

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

**NONFAT DRY MILK - NORTHEAST AND SOUTHEAST**

Prices are unchanged on high heat; unchanged to higher on low heat. Production levels are very light as milk supplies dwindle seasonally coupled with the very good demand for condensed skim. Some producers are making more high heat powder now that they have more dryer-time available. Producer stocks are in much better balance than they were a month or two ago and, therefore, most have ceased making large volume, multi load deals at prices below \$1.03. Demand is slow to fair, but some new DEIP interest has been noted.

Includes EXTRA GRADE AND GRADE A

**F.O.B. NORTHEAST:**

LOW/MEDIUM HEAT: 1.0300 - 1.0500

HIGH HEAT: 1.0550 - 1.1100 MOSTLY: 1.0700 - 1.0800

**DELVD SOUTHEAST:**

ALL HEATS: 1.0600 - 1.0825

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices and the market tone are unchanged. Churning activity is mostly lighter in the Northeast as most of the cream is clearing into Class II products. A large portion of the available buttermilk is still moving as a liquid and little is being dried. Producers' stocks of dry buttermilk are light and few have more than a load or two on hand. Demand is still reported as lackluster. This is surprising to some contacts when one considers the current, high value of fat.

F.O.B. NORTHEAST: .9300 - .9600

DELVD SOUTHEAST: .9500 - 1.0025

**DRY WHOLE MILK - NATIONAL**

Prices are unchanged to higher. Production levels are steady to a little heavier at those locations that now have less skim to dry. Producer inventories are well balanced. Demand is mostly fair, but producers are hoping that export sales under the new DEIP will improve demand in the coming months.

F.O.B. PRODUCING PLANT: 1.4500 - 1.5650

**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 1998 THROUGH JULY 10, 1998  
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 3,070 MT (6,768,122 LBS)  
CHANGE -- 3,070 MT (6,758,122 LBS)

WHOLE MILK POWDER -- 0 MT

CHEESE -- 296 MT (652,562 LBS)  
CHANGE -- 296 MT (652,562 LBS)

BUTTERFAT -- 0 MT

Allocations for the DEIP year beginning July 1, 1998, are:  
Nonfat dry milk - 84,212 MT; Whole Milk Powder - 5,003 MT;  
Cheese - 3,350 MT; Butterfat - 29,854 MT.

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices continue to climb, but contacts feel that they may be nearing the top of this upswing. There appears to be more resistance to current premiums. Reportedly, some traders are dropping their asking premiums and trying to clear some of their inventories. Producers continue to report being sold out for the next few weeks and any spot loads that do become available clear easily. Producers also note that some customers seem to want to clear their stocks before taking additional loads. Production levels are often lighter as milk supplies are easing lower along seasonal patterns.

F.O.B. NORTHEAST: EXTRA GRADE .2750 - .2825

USPH GRADE A .2750 - .2875

DELVD SOUTHEAST: .3150 - .3225

**ANIMAL FEED WHEY - NORTHEAST**

Prices remain too few to report. Production levels continue to edge lower as cheese plants are getting less milk. Dry whey offerings remain light, particularly at the producer level. Resellers do have product to offer buyers, but spot demand in the animal feed sector continues to be slow.

F.O.B. NORTHEAST: MILK REPLACER TFWER

**EVAPORATED MILK - NATIONAL**

Prices and the market tone are mostly unchanged. Production levels are often lower as milk supplies have dropped seasonally in many parts of the country. Demand is steady. The Kansas City Commodity office announced the issuance of EVD-1, invitations 470 inviting competitive offers to sell to CCC 330,480 pounds of evaporated milk for shipment in September 1998.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.50 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

**CASEIN - NATIONAL**

Casein markets are unsettled and weak with prices basically unchanged. Although spot offerings of casein are reported to be available, most buyers are still holding fast to their contracted volumes and prices, thus not taking advantage of the spot offerings to any great extent. Unconfirmed offerings of acid at prices below the reported range are surfacing. Stocks are reported to be readily available for current and future needs. Casein users do not anticipate any problems with supplies for the balance of the year.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.0500 - 2.1600

ACID: 2.0000 - 2.1000

## ESTIMATED U.S. SUPPLY AND USE PROJECTIONS FOR MILK\*

Strong markets for milkfat are supporting higher-than-anticipated milk prices, boosting the all-milk forecast for 1997/98. With these strong markets, the 1997/98 commercial use estimate (milkfat basis) is increased. Milk production forecasts for 1997/98 and 1998/99 are increased. As higher milk prices give producers slightly better returns, culling of cows will be reduced.

## U.S. MILK SUPPLY AND USE

Item	1996/97 1/	1997/98 Projection 1/		1998/99 Projection 1/	
		June	July	June	July
<b>SUPPLY</b>		<b>BILLION POUNDS</b>			
BEGINNING COMMERCIAL STOCKS 2/ 23/	4.9	5.9	5.9	6.0	5.6
PRODUCTION	156.4	157.2	157.4	159.2	159.5
FARM USE	1.4	1.4	1.4	1.3	1.3
MARKETINGS	155.0	155.8	156.0	157.9	158.2
IMPORTS 2/	2.8	3.2	3.2	3.3	3.3
TOTAL COMMERCIAL SUPPLY 2/	162.7	164.9	165.1	167.1	167.0
<b>USE</b>					
COMMERCIAL USE 2/	156.1	158.2	158.8	160.5	160.5
ENDING COMMERCIAL STOCKS 2/	5.9	6.0	5.6	5.8	5.8
CCC NET REMOVALS:					
MILKFAT BASIS 3/	0.7	0.7	0.7	0.8	0.7
SKIM SOLIDS BASIS 3/	2.7	4.0	4.0	2.9	3.0
		<b>DOLLARS PER CWT.</b>			
PRICES RECEIVED BY FARMERS 4/					
BASIC FORMULA (BFP)	11.88	12.65-12.85	12.95-13.05	11.80-12.80	11.75-12.65
ALL MILK 5/	13.53	14.05-14.25	14.25-14.35	13.20-14.20	13.20-14.10
		<b>MILLION POUNDS</b>			
CCC PRODUCT NET REMOVALS 3/					
BUTTER	24	22	22	30	25
CHEESE	10	7	7	7	7
NONFAT DRY MILK	222	325	325	235	245
	QUARTERLY 6/			ANNUAL 6/	
	1998 III	1998 IV	1999 I	1998	1999
	<b>BILLION POUNDS</b>				
MILK PRODUCTION	39.0	38.7	39.8	158.0	160.1
	<b>DOLLARS PER CWT.</b>				
ALL MILK PRICE 4/ 5/	14.35-14.75	14.15-14.85	13.50-14.50	14.15-14.45	13.10-14.10
BASIC FORMULA PRICE 4/	13.65-14.05	12.30-13.00	11.90-12.90	12.75-13.05	11.75-12.75

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes products exported under Dairy Export Incentive Program. 4/ Projections indicate a range of the average for the quarter or year. 5/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 6/ Calendar year basis projection.

\* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: James E. Nix, Chairman, WAOB; Arthur Coffing, FAS; Robert R. Miller, AMS; and James Miller, ERS.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-340, World Agricultural Outlook Board, USDA, July 10, 1998.

**MAILBOX MILK PRICES FOR SELECTED FEDERAL MILK ORDERS,  
APRIL 1998, WITH COMPARISONS**

In April 1998, mailbox milk prices reported for selected Federal milk orders averaged \$13.63 per cwt., \$.50 less than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$13.74, down \$.32; Southeast, \$15.25, down \$.18; Midwest, \$13.51, down \$.68 and West, \$12.98, down \$.42. Compared to April 1997, mailbox milk prices increased \$.77 per cwt. on the average. Regional changes from the previous year were: +\$.85 in the Northeast, +\$1.04 in the Southeast, +\$.72 in the Midwest, and +\$.75 in the West.

Federal milk order <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	April 1997	March 1998	April 1998
	<u>Dollars per hundredweight</u>		
New England	12.99	14.02 <u>3/</u>	13.78 <u>3/</u>
New York-New Jersey	12.78	14.04	13.59
Middle Atlantic	13.02	14.17	14.06
Northeast Average <u>4/</u>	12.89	14.06	13.74
Carolina	14.47	15.63	15.63
Tennessee Valley <u>1/</u>	13.98	---	---
Southeast	13.98	14.82	14.54
Florida <u>5/</u>	13.45	16.43	16.22
Southeast Average <u>4/</u>	14.21	15.43	15.25
Southern Michigan	13.04	14.28	13.98
Eastern Ohio-Western Pa.	13.11	14.49	14.01
Ohio Valley	13.35	14.41	14.07
Indiana	13.45	14.57	14.27
Chicago Regional	12.71	14.19	13.36
S. Illinois-E. Missouri	12.85	14.04	13.79
Louis.-Lex.-Evans.	13.38	14.66	14.26
Upper Midwest	12.39	13.99	13.14
Nebraska-Western Iowa	12.63	13.97	13.15
Iowa	12.68	14.03	13.21
Midwest Average <u>4/</u>	12.79	14.19	13.51
Texas	12.69	13.98	13.39
Southwest Plains	12.26	13.65	12.88
Eastern Colorado	12.20	13.82	13.35
S.W. Idaho-E. Oregon	11.50	12.18	12.18
Great Basin	11.51	12.88	12.43
New Mexico-West Texas	11.94	13.00	12.37
Pacific Northwest	12.36	13.14	13.14
West Average <u>4/</u>	12.23	13.40	12.98
All-Market Average <u>4/</u>	12.86	14.13	13.63

1/ Federal milk orders for which information could be released; the Tennessee Valley order was terminated 10/1/97. 2/ Net pay price received by dairy farmers marketing milk to handlers regulated under the Federal milk orders. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is reported at the market average butterfat test. 3/ Includes Northeast Dairy Compact Over Order Producer Price. 4/ Weighted average of the information for the orders listed in the region or for all selected orders combined. 5/ Weighted average of the information for the Upper Florida, Tampa Bay, and Southeastern Florida orders.



## MAY FLUID MILK SALES HIGHLIGHTS

During May, sales of fluid milk products in comparable Federal milk order marketing areas and California were 0.9 percent below the previous year and 2.3 percent above April 1998 on an adjusted daily average basis. Sales of whole milk items were 0.8 percent below the previous year; sales of fat-reduced milk items were 1.1 percent below the previous year. Total fluid milk sales were higher in the Southwest and Far West, and lower in all other regions.

**SUMMARY OF PACKAGED SALES OF WHOLE MILK ITEMS, FAT-REDUCED MILK ITEMS, AND TOTAL FLUID MILK ITEMS IN FEDERAL MILK ORDER  
MARKETING AREAS AND CALIFORNIA, GROUPED BY REGION, MAY 1998, WITH COMPARISONS 1/**

Region 4/	Whole Milk Items 2/				Fat-reduced Milk Items 3/				Total Fluid Items			
	Sales		Change from:		Sales		Change from:		Sales		Change from:	
	May	Year to date	Prev. year 5/	Year to date 5/	May	Year to date	Prev. year 5/	Year to date 5/	May	Year to date	Prev. year 5/	Year to date 5/
	Mil. lbs.		Percent		Mil. lbs.		Percent		Mil. lbs.		Percent	
Northeast	338	1,692	-2.0	-2.3	455	2,268	-0.7	-0.6	793	3,960	-1.1	-1.3
Southeastern	324	1,636	-2.0	-2.4	434	2,234	0.3	0.1	758	3,870	-0.6	-0.9
Midwest	252	1,281	-0.6	-0.6	917	4,663	-2.8	-1.7	1,169	5,944	-2.1	-1.4
Southwest	164	825	0.6	-0.7	200	1,034	0.4	0	364	1,859	0.6	-0.3
Far West	326	1,637	1.0	-0.1	673	3,381	-0.6	-0.7	998	5,018	0.1	-0.5
All Areas Combined	1,404	7,072	-0.8	-1.3	2,680	13,581	-1.1	-0.8	4,083	20,652	-0.9	-1.0

1/ These figures are representative of the consumption of fluid milk products in comparable Federal milk order marketing areas and California, and represents approximately 90 percent of total fluid milk sales in the U.S.

2/ Whole milk items include plain, flavored, and miscellaneous whole milk products. 3/ Fat-reduced milk items include plain, solids added, flavored, and miscellaneous reduced fat, low fat, and fat-free products, and buttermilk. 4/ For the marketing areas included in each region, see DMN Vol. 65, report #12. Far West includes California. 5/ Monthly and year-to-date percent changes are based on sales figures adjusted for calendar composition. See DMN Vol. 59, report #13.

**PACKAGED SALES OF INDIVIDUAL WHOLE MILK PRODUCTS AND FAT-REDUCED MILK PRODUCTS IN  
ALL MARKETING AREAS DEFINED BY FEDERAL MILK ORDERS AND CALIFORNIA, APRIL 1998,  
WITH COMPARISONS 1/**

Product Name	Sales	Change from:	
		Previous Year	Year to Date
	Mil.lbs	Percent	
Whole Milk 2/	1,392	-1.2	-1.5
Reduced Fat Milk (2%)	1,273	-3.1	-2.6
Low Fat Milk (1%) 3/	636	-1.3	1.5
Fat-Free Milk (Skim)	690	-0.2	1.1
Buttermilk	47	-2.0	-2.3
Total Fluid Milk Products 4/	4,049	-1.7	-1.0

1/ These sales volumes and percent changes include preliminary data for the New York-New Jersey milk order marketing area and the California State milk order. However, data for the Tennessee Valley market, which was terminated October 1, 1997, are excluded. Monthly and year-to-date percent changes are based on sales figures adjusted for calendar composition.

2/ Includes flavored whole milk. 3/ Includes flavored fat-reduced milk.

4/ Includes miscellaneous products.

## JUNE MILK PRODUCTION

Milk production in the 20 major states during June totaled 11.5 billion pounds, up 1.1 percent from production in these same states in June 1997. May revised production, at 12.1 billion pounds, was up 1.7 percent from May 1997. Production per cow in the 20 major states averaged 1,489 pounds for June, 18 pounds above June 1997. The number of cows on farms in the 20 major states was 7.75 million head, 12,000 head below June 1997 but 3,000 head above May 1998. The April-June quarterly production of milk for the U.S. was 41.0 billion pounds, up 0.8 percent from the April-June period in 1997. The average number of milk cows in the U.S. during April-June quarter was 9.20 million head, 81,000 head less than the same period last year.

STATE	MILK COWS <u>1/</u> <u>2/</u>				MILK PRODUCTION <u>1/</u> <u>3/</u>			
	JUNE		APRIL-JUNE		JUNE		APRIL-JUNE	
	1997	1998	1997	1998	1998	% CHANGE FROM 1997	1998	% CHANGE FROM 1997
	THOUSANDS				MILLION LBS.	PERCENT	MILLION LBS.	PERCENT
AL	—	—	31	27	—	—	101	-10.6
AK	—	—	0.9	0.9	—	—	3.67	-2.7
AZ	128	131	128	130	242	7.6	739	2.2
AR	--	--	53	53	--	--	180	9.8
CA	1,324	1,374	1,320	1,369	2,356	1.4	7,100	-0.1
CO	--	--	85	83	--	--	430	-1.8
CT	--	--	29	29	--	--	135	4.7
DE	--	--	10	11	--	--	44.4	15.3
FL	161	160	162	161	195	-4.4	637	-5.2
GA	--	--	97	95	--	--	386	-2.3
HI	--	--	9.1	9.0	--	--	35.5	6.9
ID	269	294	267	291	491	9.8	1,447	10.6
IL	148	142	148	143	189	-3.1	610	2.5
IN	140	140	140	140	185	-0.5	576	2.5
IA	244	240	245	239	328	-2.4	1,034	1.8
KS	--	--	82	81	--	--	325	-4.4
KY	145	136	145	136	141	-6.6	457	-6.4
LA	--	--	78	72	--	--	205	-5.1
ME	--	--	40	40	--	--	174	2.4
MD	--	--	86	86	--	--	348	2.4
MA	--	--	27	25	--	--	108	-4.4
MI	310	303	308	302	455	-1.5	1,377	-0.9
MN	585	570	587	570	807	-0.4	2,425	0.0
MS	--	--	47	42	--	--	160	-8.0
MO	169	160	170	159	192	-5.4	618	-5.1
MT	--	--	19	18	--	--	74	-2.6
NE	--	--	70	70	--	--	275	5.0
NV	--	--	26	26	--	--	127	5.8
NH	--	--	19	18	--	--	84	0.0
NJ	--	--	21	19	--	--	74	-6.3
NM	200	217	200	216	376	10.9	1,137	10.4
NY	698	701	698	701	1,009	0.7	3,026	0.8
NC	--	--	76	72	--	--	297	-10.8
ND	--	--	57	49	--	--	171	-9.0
OH	282	272	283	273	377	1.3	1,153	1.2
OK	--	--	97	95	--	--	316	-4.2
OR	--	--	91	89	--	--	420	0.5
PA	639	635	639	635	911	1.4	2,862	3.4
RI	--	--	2.0	2.0	--	--	8.2	-3.5
SC	--	--	26	24	--	--	96	-9.4
SD	--	--	106	102	--	--	362	1.4
TN	--	--	114	105	--	--	397	-6.8
TX	386	373	388	374	459	-2.5	1,518	-1.7
UT	--	--	93	87	--	--	366	-9.9
VT	158	157	157	158	235	4.9	698	4.8
VA	122	120	122	120	152	0.7	480	1.1
WA	265	260	265	261	449	-1.5	1,360	-1.3
WV	--	--	18	18	--	--	70	4.5
WI	1,392	1,368	1,393	1,368	1,997	1.7	5,950	2.7
WY	--	--	6.1	5.5	--	--	19.8	-7.5
22 STATE TOTAL	7,765	7,753	—	--	11,546	1.1	--	--
U.S. <u>4/</u> <u>5/</u>	--	--	9,280	9,199	—	—	40,997	0.8

1/ Preliminary. 2/ Includes dry cows, excludes heifers not yet fresh. 3/ Excludes milk sucked by calves. 4/ Includes states for which individual monthly estimates are not available. 5/ Milk cows will not add due to rounding.

SOURCE: "Milk Production," Da 1-1 (7-98), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF OF JULY 13 - 17, 1998			CUMULATIVE TOTALS			UNCOMMITTED INVENTORIES		
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD		
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/97	LAST YEAR	07/10/98	LAST YEAR		
<b>BUTTER</b>									
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>CHEESE</b>									
Block	-0-	-0-	-0-	-0-	330,284	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	392,874	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	1,184,400	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	1,907,558	-0-	-0-	-0-	-0-
<b>NONFAT DRY MILK</b>									
Nonfortified	7,921,931	230,932	7,690,999	126,248,621	5,551,687	-0-	-0-	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	7,921,931	230,932	7,690,999	126,248,621	5,551,687	-0-	-0-	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	<u>BASIS</u>	<u>SOLIDS</u>		<u>BASIS</u>	<u>SOLIDS</u>
WEEK OF JULY 13 - 17, 1998 =	1.7	89.5	COMPARABLE WEEK IN 1997 =	0.1	3.8
CUMULATIVE SINCE OCTOBER 1, 1997 =	27.8	1,469.5	CUMULATIVE SAME PERIOD LAST YEAR =	18.8	83.5
CUMULATIVE JANUARY 1 - JULY 17, 1998 =	26.0	1,378.1	COMPARABLE CALENDAR YEAR 1997 =	18.8	83.5

\* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

\*\*Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/97 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97
MIDWEST	-0-	-0-	-0-	1,514,684	10,443,653	-0-	8.3	74.3
WEST	-0-	-0-	-0-	392,874	115,518,425	5,551,687	91.5	25.7
EAST	-0-	-0-	-0-	-0-	286,543	-0-	0.2	0.0
<b>TOTAL</b>	-0-	-0-	-0-	1,907,558	126,248,621	5,551,687	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1998MANUFACTURING MILK: Average Test 3.67% - \$10.05 per cwt.; 3.5% - \$9.95DOLLARS PER POUNDBUTTER: Bulk \$.6500; 1# Prints \$.6800CHEESE: 40 & 60# Blocks \$1.1150; 500# Barrels \$1.0850; Process American 5# \$1.1675; Process American 2# \$1.2075NONFAT DRY MILK: Nonfortified \$1.0280; Fortified \$1.0380; Instant \$1.1855Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 06/27/98 & Comparable Week 1997 1/ 2/

Regions*											U.S. TOTAL		% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK : SINCE JAN 1	WEEK : SINCE JAN 1	WEEK : SINCE JAN 1	
1998-Dairy cows HD (000)	0.3	1.3	5.5	5.2	16.2	1.9	2.3	1.0	8.3	2.8	44.9	1,361.6	41.6	46.9
1997-Dairy cows HD (000)	0.3	1.3	5.0	4.3	19.8	2.4	2.7	1.0	8.8	3.9	49.6	1,456.4	43.7	46.0
1998-All cows HD (000)	0.3	1.3	7.5	15.9	23.1	19.5	16.3	5.1	11.8	7.2	108.0	2,902.6		
1997-All cows HD (000)	0.4	1.4	6.9	15.4	27.6	14.1	19.3	8.2	12.7	7.2	113.4	3,163.7		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CCC MARKET PRICE INVITATIONS 7/10

PROCESS	SEPTEMBER DELIVERY	
2# PROCESS LOAF	554,400	
5# PROCESS LOAF	2,494,800	OFFERS ARE DUE JULY 20. PUBLIC RELEASE
PROCESS SLICED	4,118,400	OF AWARDS WILL BE 4:00 PM CT JULY 23.
<b>MOZZARELLA</b>		
MOZZARELLA	6,733,440	
MOZZARELLA LITE	362,880	
MOZZARELLA LITE SHREDDED	766,050	
<b>CHEDDAR</b>		
BLOCKS	918,852	
CHEDDAR CUTS	439,452	
BARRELS	80,000	
SHREDDED	345,600	
REDUCED FAT BLOCKS	199,750	
REDUCED FAT CUTS	199,751	
REDUCED FAT SHREDDED	883,200	

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/97 = 65,492,514

CUMULATIVE TOTAL NDM PURCHASES SINCE 10/1/97 = 85,979

BASIC FORMULA PRICE (BFP), MAY 1995\* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29
1998	13.25	13.32	12.81	12.01	10.88	13.10						